

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Bloomfield	County Oakland
Audit Date 3/31/04	Opinion Date 7/14/04	Date Accountant Report Submitted to State: 9/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

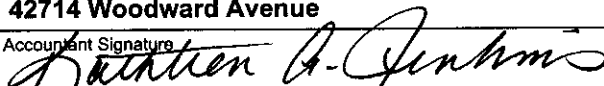
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Jenkins, Magnus, Volk & Carroll, P.C.			
Street Address 42714 Woodward Avenue	City Bloomfield Hills	State MI	ZIP 48304-5061
Accountant Signature 		Date 9/30/04	

**CHARTER TOWNSHIP OF BLOOMFIELD
STATE OF MICHIGAN**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year ended March 31, 2004

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

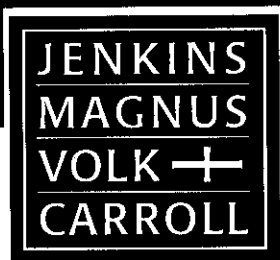
**CHARTER TOWNSHIP OF BLOOMFIELD
STATE OF MICHIGAN**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	2 -3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16 - 17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Road Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Safety Fund	25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28 - 29
Statement of Fiduciary Net Assets – Fiduciary Funds	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – Retirement System Pension Trust Fund	31
Notes to the Financial Statements	32 - 54
Statistical Information Required for Continuing Disclosure Certificate (unaudited – not covered by audit opinion)	56 - 58
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Non-major Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	61
Combining Balance Sheet – Non-major Special Revenue Funds	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Special Revenue Funds	63
Balance Sheet – Non-major Debt Service Funds	64
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Debt Service Fund	65
Combining Statement of Changes in Assets and Liabilities – Agency Funds	66

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants



Certified Public Accountants

A. H. Magnus, Jr., CPA • Thomas D. Carroll, CPA • Kathleen A. Jenkins, CPA • Donna S. Smith, CPA
Jeffrey L. Hauswirth, CPA, CVA • Tammy J. Moncrief, CPA • James M. McAuliffe, CPA

INDEPENDENT AUDITORS' REPORT

Charter Township of Bloomfield
State of Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Charter Township of Bloomfield, State of Michigan (the "Township"), as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Bloomfield Township Public Library which represent 100% of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and with standards prescribed by the Treasurer of the State of Michigan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2004, and the respective changes in financial position and cash flows where applicable thereof, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5-12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole that collectively comprise the Township's basic financial statements. The combining and individual fund financial statements and schedules and the statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Jenkins, Magnus, Volk & Carroll, P.C.

Certified Public Accountants

Bloomfield Hills, Michigan
July 14, 2004

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

Management's Discussion and Analysis

As management of the *Charter Township of Bloomfield, Michigan*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2004.

Financial Highlights

- The assets of the Township exceeded liabilities at the close of the most recent fiscal year by \$86,899,552 (net assets). Total net assets increased by \$5,475,815 as compared to the previous fiscal year.
- The major components of net assets are \$59,232,126 in capital assets net of related debt and \$17,310,527 in cash and investments with the remainder consisting of receivables net of accounts payable and deferred revenues.
- As of the close of the current fiscal year, the Township's Governmental activities reported ending net assets of \$41,062,471, an increase of \$4,894,985 when compared with the previous fiscal year. Of this amount \$20,893,337 is capital assets net of related debt and \$19,357,609 is reported as unrestricted and available for spending at management's discretion, the remaining \$811,525 is restricted.
- At the end of the current fiscal year undesignated fund balance for the general fund was \$3,249,920, or 32 percent (32%) of total general fund expenditures.
- The Township's total general long-term debt decreased by \$1,281,537 during the current fiscal year. This debt consists of county drain contracts, combined sewer overflow project bonds and employee's compensated absences. There were no new debt issues during the current fiscal year.
- Net assets in the water and sewer fund increased by \$580,830 with bonded debt decreasing by \$444,159 as a result of making required principal payments. No new debt was issued during the fiscal year.

Overview of the Financial Statements

The Township's audited financial statements consist of three main components: 1) government-wide combined financial statements, 2) fund level financial statements by category, and 3) notes to the financial statements. This discussion and analysis is intended to provide an introduction to these basic financial statements as presented in the audit report. The Township's condensed financial information is presented below.

Township's Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 22,065,173	\$ 8,811,328	\$ 30,876,501
Capital assets	<u>30,847,075</u>	<u>41,286,695</u>	<u>72,133,770</u>
Total assets	52,912,248	50,098,023	103,010,271
Long-term liabilities	10,234,981	2,500,882	12,735,863
Other liabilities	<u>1,614,796</u>	<u>1,760,060</u>	<u>3,374,856</u>
Total liabilities	11,849,777	4,260,942	16,110,719
Net assets:			
Invested in capital assets, net of related debt	20,893,337	38,338,789	59,232,126
Restricted	811,525	5,707,948	6,519,473
Unrestricted	<u>19,357,609</u>	<u>1,790,344</u>	<u>21,147,953</u>
Total Net Assets	41,062,471	45,837,081	86,899,552
Total revenues	39,710,379	12,716,551	52,426,930
Increase in net assets	4,894,985	580,830	5,475,815
Net assets 4-01-2003	<u>\$ 36,167,486</u>	<u>\$ 45,256,251</u>	<u>\$ 81,423,737</u>
Net assets 3-31-2004	<u>\$ 41,062,471</u>	<u>\$ 45,837,081</u>	<u>\$ 86,899,552</u>

Government Wide Financial Statements. These statements are designed to provide readers with a broad overview of the Township's finances.

The statement of net assets provides information on all of Township's assets and liabilities, with the difference between the two reported as fund equity (net assets). Over time, changes in net assets may serve as an important indicator of whether the financial position of the Township is improving or deteriorating.

The government wide financial statements include all categories of Township government which includes the *Governmental Fund Types, Proprietary Fund Type and Fiduciary Fund Types*. The statement of net assets for all fund types can be found on page 15 of this report with the statement of activities reports on pages 16 – 17.

Fund financial statements. A fund is a grouping of related accounts used to account for resources that have been accumulated for a specific activity or purpose. The Township uses fund accounting to demonstrate compliance with finance-related laws as is required of all Michigan local governments. All Township funds fall into one of three major categories: governmental funds, proprietary funds, and fiduciary funds.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

Governmental Funds consist of the Township's main operating funds, which include the General Fund, Special Revenue Funds and Debt Service Funds. The General Fund is used to account for revenue and expenses for general Township government that would not fall under any other fund category. Special Revenue Funds account for expenditures paid for by revenues collected for a specific purpose. This category of funds consists of the public safety fund (police, fire and dispatch), the road fund, the lake improvement fund, the cable TV fund, the safety path fund, the drug law enforcement fund, the building department fund, Bloomfield Village police and fire funds and the improvement and revolving fund. The Township maintains two debt service funds to account for revenue collected for the purpose of retiring various bond issues for county drain projects.

In all, the Township has thirteen individual governmental funds. Individual balance sheets and statements of revenues and expenditures for each of these funds are presented in this report. These statements allow the reader to gain a much narrower focus on Township financial activity than the government wide statements. Also, these statements make it possible to analyze near term financial decisions made by Township managers.

Proprietary Funds. The Township has one *proprietary fund*, which is the water and sewer fund. The main feature distinguishing a proprietary fund from a governmental fund is the source of revenue: governmental funds are principally supported by taxes and intergovernmental revenues whereas a proprietary fund recovers all or a significant portion of its costs through user fees and charges (business type activities).

Fiduciary Funds. Fiduciary funds are used to account for resources held by the Township for the benefit of parties other than the governmental entity. These funds are not available to be used for Township programs. The majority of the resources in this fund group is set aside to satisfy the pension liability to Township employees.

Statement of Net Assets

Net assets are one indicator of a government's financial condition either at a given point in time or as compared over a period of time. At the close of the most recent fiscal year, Bloomfield Township's assets exceeded liabilities by \$173,974,933. For the purpose of this analysis the fiduciary funds will be excluded because as mentioned earlier these resources are not available to support Township programs. Net assets excluding fiduciary funds total \$86,899,552.

It is important to note that by far the largest portion of the Township's net assets reflects investment in capital assets (land, buildings, vehicles, equipment and infrastructure) and not cash or cash investments. At the close of the most recent fiscal year 83% of the Township's net assets consisted of capital assets with the remainder consisting mostly of cash, cash investments and accounts receivable less accounts payable and accrued expenses.

An additional portion of the Township's net assets, \$6,519,473, represents net assets subject to restrictions as to how they may be used. The remaining unrestricted balances reflect the portion of net assets available to the Township to meet ongoing obligations within the various funds. Unrestricted net assets total \$21,147,953 at the close of the most recent fiscal year excluding resources in the fiduciary fund types.

As of the end of the current fiscal year the Township has positive balances in all fund types and in each of the individual funds within the fund types.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

During the current fiscal year the net assets of the Township increased by \$5,475,815. This increase is reflected in the proprietary fund (water and sewer) and in the governmental fund types. Changes in net assets are analyzed on page 26 of the accompanying report.

Governmental fund types. Net assets increased by \$4,894,985 as a result of activities within these funds. This represents 89% of the total growth in the net assets of the Township. The major factors leading to this increase are as follows:

- Property taxes increased significantly as the result of a new public safety millage being levied for the first time (2.50 mills). This levy generated \$8,015,970 in additional revenue over the prior fiscal year. Property taxes other than for public safety increased by \$678,729.
- Property tax increases were offset by a \$339,645 decrease in State shared revenue and a decrease of \$48,827 in interest income.
- Staffing levels remained similar to preceding fiscal years; however the Township experienced significant increases in health care and pension costs eroding some of the net gains resulting from the increased property tax revenue.

Fiduciary fund type. Net assets increased in these funds by \$7,458,203, making total assets at the end of the current fiscal year \$87,075,381. This increase represents the Township's Retirement System Pension Fund increase during the year. The Township holds an additional \$2,608,908 in escrow for various purposes. Major factors leading to the increase are the following:

- Contributions and earnings within the Township's defined benefit pension plan were greater than payments made to retirees from the plan by \$7,458,203.
- The liability for unused paid leave increased by \$42,422 resulting in additional dollars being transferred into trust to fund this liability.
- Others monies held in escrow by the Township increased by \$39,377.

Proprietary fund type. These business type activities increased the Township's net assets by \$580,830 for the year. This increase represents 11% of the total growth in the net assets of the Township. Major elements of the increase are the following:

- The majority of the increase, \$567,257, was the result of an increase in capital assets through amounts contributed by developers. Another \$99,354 increase was generated as a result of other non-operating activities.

The fund experienced a small loss from water and sewer operations of \$85,781.

Financial Analysis of Individual Government Fund Types

The funds within this group provide information on near-term inflows, outflows and balances for the Township's main operating funds. The information contained in these funds is useful in determining the financing requirements of the Township, particularly as related to their major revenue source; property taxes. Unreserved fund balance is a very useful measure of a government's net resources available for spending at the end of the fiscal year. However, it is very important to remember that these audited financial statements represent a snap shot as of one point in time and the financial picture changes constantly throughout a fiscal year. This is especially important in analyzing Bloomfield Township's financial data because property taxes are collected very late in the fiscal year (final due date is February

Financial Analysis of Individual Government Fund Types (continued)

14th) meaning most of the fund equity balance as of the fiscal year end is made up of this major revenue source. For this reason a snap shot as of March 31st may be misleading as to the financial strength of this particular group of funds. To be certain small fund balances, although positive, would not necessarily represent a healthy financial situation. The current balances are adequate, however, not considered by management to be optimum.

Public Safety Fund. This special revenue fund will be analyzed first as it is by far the largest fund within the governmental fund type category. At the end of the current fiscal year the unreserved fund balance of the public safety fund was \$6,260,436. This represents an increase of \$3,096,898 over the previous year. As mentioned earlier the major reason for this increase was the collection of a new property tax millage. Whereas the new property tax revenue provided much needed relief to this fund it must be noted that significant expenditures relative to police and fire are still being born by the General Fund in the current fiscal year. The cost of the Township's public safety dispatch as well as the cost of health insurance for retired public safety officers and their dependents has been charged against General Fund resources for the past twenty years. These expenses have increased over those years to where they are presently approximately \$2,000,000 annually. The General Fund no longer has the resources to absorb these costs, therefore beginning in fiscal 2004-05 these expenditures will be charged directly to the Public Safety Fund. As a result of this change the fund balance increase in fiscal 2004-05 is projected to be significantly less than the current fiscal year. The result for the fund will be a fund balance that remains at an adequate level, however still falling short of optimum. Looking to the future this fund is particularly sensitive to increases in employee costs as over 85% of fund expenses are related to salary and benefits of personnel. This is especially relevant in the current environment of double digit increases in health care costs. Presently the Township spends over \$4,400,000 on life and health insurance for active and retired police and fire department personnel. Given the strict regulations on a local government's ability to increase property tax revenues it becomes very unlikely that this or any other fund can absorb such large increases to a major expense for an extended period of time. Consequently, even though the present financial position of the public safety fund is sound, effort must be made to reduce the rate at which health care costs are increasing. If this cannot be accomplished the level of police and fire services provided to the residents may have to be reduced.

General Fund. The General Fund is a key operating fund of Bloomfield Township. Several major revenue sources flow through the General Fund including some property taxes, state revenue sharing funds and interest income on investments. At the end of the current fiscal year the unreserved fund balance of the general fund was \$3,249,920. The entire general fund balance is unreserved and available for spending at the administration's discretion including transfers to supplement special revenue funds.

During the current fiscal year, the fund balance of the Township's general fund decreased by \$274,302. Although the adopted budget for this fund was in balance two major revenue sources finished the year significantly under what was projected. Large cuts by the State of Michigan in state revenue sharing and extremely low interest returns on invested cash caused those two revenue accounts to be over \$500,000 below what was projected when the budget was adopted last year. These shortages turned what would have been an increase in fund balance for the fiscal year into the stated decrease.

This fund is currently in very sound financial shape but faces several challenges going forward. The expenditures in this fund are not as dominated by personnel costs as the public safety fund, still over 65% of the funds costs are derived from salaries and fringe benefits of staff. This puts the fund under similar pressure from rapidly increasing health care premium costs. The greatest challenge to the General Fund however is a result of decreasing revenues. Total revenue in the fund is down over \$200,000 from the previous year so even though expenditures only increased by less than 4%, fund reserves were needed to cover all the expenditures of the fund.

Road Fund. The road fund is the third of the three major governmental operating funds. At the end of the current fiscal year, unreserved fund balance of the road fund was \$1,750,194. This represents a decrease of \$329,866 when compared to the prior fiscal year. Presently this fund balance is sufficient to allow operating expenses to be met without a cash shortage in the fund, however fund revenues have consistently fallen short of expenditures in recent fiscal years. As in other funds the increasing cost of employee fringe benefits, in particular health insurance, is putting the most pressure on the fund. The fund is also under pressure from the increasing need for services such as road paving, repairs and roadside maintenance. In the past the general fund has supplemented the road fund in order to maintain a high level of service, if this support is no longer possible services will have to decrease or other revenue sources will have to be obtained. Currently the major revenue sources of the fund are property taxes (\$2,406,000) and Oakland County Road Commission Repayments (\$534,000). Restrictions on the amount these revenues are capable of increasing make it very difficult for the fund to keep up with the expenditure increases mentioned above.

Other Government Funds. The remaining government funds are special revenue funds that are much smaller in scope than the three major funds. These funds derive their revenue from special assessments, user fees or unique specifically designated sources such as cable franchise fees or drug law enforcement cash. All these funds must spend within the means of their revenue sources and they do. The funds are in good to excellent financial condition as of the end of the current fiscal year.

Proprietary Funds. The Township's proprietary fund is the water and sewer fund. The main source of revenue to this fund results from the mark up to customers on water purchases and sewage treatment charges. These revenues are used largely to cover the administrative expenses related to providing these services. There is also some allowance made in the rates to provide resources for future repair and maintenance of infrastructure.

Unrestricted net assets of the water and sewer fund amounted to \$1,790,344 at the end of the fiscal year. The fund had an increase in net assets for the year of \$580,830.

In 2002, a reliability study was conducted to assess the Township's water supply system. In summary, the study modeled the water system during peak hour demand and fire flow conditions. The study found some areas deficient in maintaining the necessary pressures required to comply with Safe Drinking Water Act (SDWA) criteria for providing sufficient water pressure. The recommended system improvements have been prioritized to include the replacement of smaller sized (6 inches or less) underground piping as needed in the areas where the system was constructed prior to SDWA. In addition, most of the larger transmission water piping within the Township is over 40 years old. As with any aging infrastructure, water supply piping becomes less reliable to provide adequate flows due to long term wear on the internal pipe lining and operational valve components.

The Township's sanitary sewer system has been designated in non-compliance as per a 1989 Pollution Abatement Order from the Michigan Department of Environmental Quality (MDEQ) for exceeding the Township's allocated capacity contribution to the Evergreen-Farmington Sewage Disposal System's (EFSDS) sanitary sewer overflows. The MDEQ is requiring the Township to find and eliminate sources of inflow and infiltration by way of sewer metering, video inspection and pipe rehabilitation. The Township is well into this process and the successful elimination of such sources will potentially reduce the Township's contribution to the EFSDS regional sanitary sewage retention basin.

The Township water and sewer fund is presently in a very good financial position. The infrastructure concerns mentioned above are being prioritized and addressed with several financing sources available for consideration regarding infrastructure improvements, including restricted reserves, special assessments, user fees and bonded debt.

Capital Assets

The Township's investment in capital assets for its governmental and business type activities as of March 31, 2004 amounted to \$72,133,770 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to properties other than buildings, machinery and equipment, infrastructure and Township share of county sewers. The total increase in investment in capital assets for the current fiscal year was about 2.7 percent (a 3.5 percent increase for governmental activities and a 2.4 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Cable studio building addition at a cost of \$464,000
- Fire Department ladder truck at a cost of \$805,000
- Improvements to water and sewer infrastructure costing \$1,283,929
- Safety Path (sidewalk) construction at a cost of \$881,279
- Police Vehicles and equipment costing \$249,015
- Road Department vehicles at a cost of \$165,347

Additional detail regarding capital assets can be found in section five of the notes to financial statements of this report.

Long Term Debt

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$12,901,644, which consists of \$9,953,738 within the governmental activity fund and \$2,947,906 within the business-type activity fund. The majority of the governmental debt consists of bonded debt (\$7,015,048) to pay for the construction of a sewer overflow retention basin. This debt is being paid for by annual special assessments on certain properties in the Township. The remaining debt within the governmental funds reflects the Township's share of county debt for various storm sewer projects. The bonded debt in the business type activity fund consists of the Township share of county debt obligations for various sanitary sewer construction projects within the Township. The sanitary sewer debt payments are made using funds collected from sanitary sewer customers on their quarterly bills. The remaining long term debt reported consists of \$816,861 for employee compensated absences.

The Township's total long term debt decreased by \$1,281,537 (8.54%) as a result of making the required annual payments. The Township incurred no new debt obligations during the fiscal year.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The Township currently has no debt obligations that would be applied against this limitation.

The Township is considering requesting voter approval of a general obligation debt for the purpose of constructing a new maintenance garage. The projected cost of this improvement is \$17,000,000. The project could begin as soon as 2005 if approved.

Transfers of Funds

During the current fiscal year of the Township transferred \$100,000 from the Cable Fund to the General Fund to defray some of the cost of the Cable Studio building addition. The Township also transferred \$200,000 from the General Fund to the Road Fund to assist that fund in meeting its obligations. Originally \$500,000 was budgeted to be transferred to the Road Fund; however, when the General Fund received lower than anticipated state revenue sharing funds and lower than anticipated investment income, the amount of the transfer was reduced.

Summary

The following factors had led the Township into an undesirable deteriorating financial position in several of the fiscal years leading up to the current fiscal year:

- State shared revenue payments were decreasing annually. This is a significant revenue source to the Township.
- Investment income revenue was decreasing annually as a result of declining interest rates
- Health insurance premiums were increasing between 12 and 16 percent each year.
- Employer pension costs were increasing as a result of low investment returns within the fund.

In response to these circumstances, the Township has taken several measures to return our financial position to be much improved for fiscal 2003-04. Several of these measures are listed below:

- The most significant change was the voter approval of a new 2.5 mill property tax for public safety. This allowed property tax revenue in the public safety fund to increase by over \$8,000,000 per year and enabled the Township to maintain police, fire and EMS services at previous levels.
- The Township further diversified the investment portfolio in the pension fund to improve long term investment return projections.
- The Township continues to monitor deductibles and co-pays within the health insurance plan as well as proactively seeking expert advice and competitive quotes on our health insurance plan.
- Improved cash availability along with increasing interest rate returns on investments are expected to reverse the trend of decreasing investment income experienced over the past several years.

The Township's present financial condition in both the governmental and the business-type funds is very good and much improved over the previous year. The expectation is that this situation will continue at least into the near future with the main financial concerns being the rate at which health care costs are increasing and the decreasing state shared revenues.

BASIC FINANCIAL STATEMENTS

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,403,291	\$ 6,559,829	\$ 11,963,120	\$ 4,753,569
Investments	5,347,407	-	5,347,407	493,613
Receivables	10,847,027	2,411,651	13,258,678	8,578
Internal balances	238,000	(238,000)	-	-
Prepaid items	119,815	-	119,815	4,239
Inventory	109,633	77,848	187,481	-
TOTAL CURRENT ASSETS	22,065,173	8,811,328	30,876,501	5,259,999
NONCURRENT ASSETS				
CAPITAL ASSETS				
Nondepreciable assets				
Land	822,652	-	822,652	131,015
Other	-	-	-	165,244
Depreciable assets				
Land improvements	8,008,329	-	8,008,329	-
Building	18,013,147	-	18,013,147	5,428,892
Machinery, furniture and equipment	14,852,707	1,238,075	16,090,782	2,016,532
Library books & audiovisual materials	-	-	-	2,724,041
Investment in system	11,583,001	61,553,161	73,136,162	-
Less accumulated depreciation	(22,432,761)	(21,504,541)	(43,937,302)	(4,289,938)
TOTAL CAPITAL ASSETS	30,847,075	41,286,695	72,133,770	6,175,786
TOTAL NONCURRENT ASSETS	30,847,075	41,286,695	72,133,770	6,175,786
TOTAL ASSETS	52,912,248	50,098,023	103,010,271	11,435,785
LIABILITIES				
Accounts payable and accrued expenses	1,045,678	1,193,776	2,239,454	141,069
Deferred revenue	33,500	119,260	152,760	-
Due to primary government	-	-	-	411,851
Amounts due within one year	535,618	447,024	982,642	114,326
TOTAL CURRENT LIABILITIES	1,614,796	1,760,060	3,374,856	667,246
NONCURRENT LIABILITIES				
Amounts due in more than one year	10,234,981	2,500,882	12,735,863	207,394
TOTAL NONCURRENT LIABILITIES	10,234,981	2,500,882	12,735,863	207,394
TOTAL LIABILITIES	11,849,777	4,260,942	16,110,719	874,640
NET ASSETS				
Invested in capital assets				
net of related debt	20,893,337	38,338,789	59,232,126	6,175,786
Restricted assets	811,525	5,707,948	6,519,473	81,310
Unrestricted assets	19,357,609	1,790,344	21,147,953	4,304,049
TOTAL NET ASSETS	\$ 41,062,471	\$ 45,837,081	\$ 86,899,552	\$ 10,561,145

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF ACTIVITIES

Year Ended March 31, 2004

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenue Charges for Services</u>	<u>Net (Expense) Revenue</u>
PRIMARY GOVERNMENT			
Governmental activities:			
General government	\$ 9,056,998	\$ 2,814,018	\$ (6,242,980)
Public safety	18,240,501	1,850,828	(16,389,673)
Public works	3,852,031	-	(3,852,031)
Community enrichment and development	1,570,219	-	(1,570,219)
Miscellaneous	1,649,710	-	(1,649,710)
Interest on long-term debt	445,935	-	(445,935)
TOTAL GOVERNMENTAL ACTIVITIES	<u>34,815,394</u>	<u>4,664,846</u>	<u>(30,150,548)</u>
Business-type activities:			
Water & Sewer	<u>12,135,721</u>	<u>12,528,460</u>	<u>392,739</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 46,951,115</u>	<u>\$ 17,193,306</u>	<u>\$ (29,757,809)</u>
COMPONENT UNIT			
Library	<u>\$ 4,251,412</u>	<u>\$ 349,058</u>	<u>\$ (3,902,354)</u>

continued...

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF ACTIVITIES (CONCLUDED)

Year Ended March 31, 2004

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Library
CHANGES IN NET ASSETS			
Net (expense) revenue	<u>\$ (30,150,548)</u>	<u>\$ 392,739</u>	<u>\$ (29,757,809)</u>
General revenues:			
Property taxes	29,978,073	-	4,895,620
State shared revenue	3,536,527	-	26,568
Miscellaneous	1,277,063	-	85,389
Unrestricted investment earnings	253,870	188,091	52,502
TOTAL GENERAL REVENUES	<u>35,045,533</u>	<u>188,091</u>	<u>5,060,079</u>
CHANGE IN NET ASSETS	4,894,985	580,830	1,157,725
NET ASSETS, beginning of year, as restated	<u>36,167,486</u>	<u>45,256,251</u>	<u>81,423,737</u>
NET ASSETS, end of year	<u><u>\$ 41,062,471</u></u>	<u><u>\$ 45,837,081</u></u>	<u><u>\$ 86,899,552</u></u>

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

BALANCE SHEET GOVERNMENTAL FUNDS March 31, 2004

	General	Road	Public Safety	CSO Debt	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ (231,918)	\$ 1,549,726	\$ 6,282,512	\$ 678,401	\$ 2,471,977	\$ 10,750,698
Receivables (net)						
Delinquent taxes	2,011,257	-	-	-	-	2,011,257
Interfund construction advances	-	138,392	-	-	238,000	376,392
Local school systems	-	-	110,080	-	-	110,080
Component unit	411,751	-	-	-	-	411,751
Special assessment districts	-	-	-	6,660,161	-	6,660,161
Other	1,223,178	8,420	54,872	-	228,916	1,515,386
Prepaid items	119,815	-	-	-	-	119,815
Inventories	24,607	82,676	-	-	2,350	109,633
TOTAL ASSETS	\$ 3,558,690	\$ 1,779,214	\$ 6,447,464	\$ 7,338,562	\$ 2,941,243	\$ 22,065,173
LIABILITIES						
Payables and accrued expenses	\$ 308,770	\$ 29,020	\$ 187,028	\$ 169,350	\$ 351,510	\$ 1,045,678
Deferred revenue	-	-	-	-	33,500	33,500
Deferred special assessment revenue	-	-	-	6,660,161	-	6,660,161
TOTAL LIABILITIES	308,770	29,020	187,028	6,829,511	385,010	7,739,339
FUND BALANCES						
Undesignated reported in:						
General fund	3,249,920	-	-	-	-	3,249,920
Special revenue	-	1,750,194	6,260,436	-	2,253,759	10,264,389
Designated reported in:						
Special revenue	-	-	-	-	85,167	85,167
Reserved for debt service	-	-	-	509,051	217,307	726,358
TOTAL FUND BALANCES	3,249,920	1,750,194	6,260,436	509,051	2,556,233	14,325,834
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,558,690	\$ 1,779,214	\$ 6,447,464	\$ 7,338,562	\$ 2,941,243	\$ 22,065,173

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
Year Ended March 31, 2004

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 14,325,834
Amounts reported for governmental activities in the statement of net assets are different because:	
Add deferred special assessment revenue, adjustment required to convert balances to full accrual basis from modified accrual basis	6,660,161
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: capital assets	53,279,836
Deduct: accumulated depreciation	(22,432,761)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: contracts and loans payable	(9,953,738)
Deduct: compensated absences	(816,861)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 41,062,471</u>

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUNDS Year Ended March 31, 2004

	General	Road	Public Safety	CSO Debt	Other Governmental Funds	Total Governmental Funds
REVENUE						
Taxes and assessments	\$ 3,362,738	\$ 2,406,011	\$ 20,901,800	\$ 756,196	\$ 2,551,328	\$ 29,978,073
State shared revenues	3,536,527	-	-	-	-	3,536,527
Charges for services	456,806	953	179,260	-	9,793	646,812
Licenses, permits and fees	17,819	44,140	12,037	-	1,390,697	1,464,693
Investment	178,211	-	59,874	-	15,785	253,870
Fines and forfeitures	1,816,634	-	-	-	34,194	1,850,828
Rent	702,513	-	-	-	-	702,513
Miscellaneous	32,169	590,765	190,061	-	464,068	1,277,063
TOTAL REVENUE	10,103,417	3,041,869	21,343,032	756,196	4,465,865	39,710,379
EXPENDITURES						
Operating						
Legislative	8,052	-	-	-	-	8,052
Judicial	1,944,696	-	-	-	-	1,944,696
General government	5,349,698	-	-	-	923,416	6,273,114
Public works	-	3,380,541	-	-	1,697	3,382,238
Public safety	387,612	-	16,936,855	-	383,676	17,708,143
Community enrichment and development	227,278	-	-	-	1,286,884	1,514,162
Other	1,656,558	-	-	-	5,099	1,661,657
Capital outlay	703,825	191,194	1,309,279	-	959,924	3,164,222
Debt service						
Principal retirement	-	-	-	376,521	137,886	514,407
Interest and fiscal charges	-	-	-	286,494	159,441	445,935
TOTAL EXPENDITURES	10,277,719	3,571,735	18,246,134	663,015	3,858,023	36,616,626
REVENUES OVER (UNDER) EXPENDITURES	(174,302)	(529,866)	3,096,898	93,181	607,842	3,093,753
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	200,000	-	-	-	300,000
Transfers out	(200,000)	-	-	-	(100,000)	(300,000)
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	200,000	-	-	(100,000)	-
NET CHANGE IN FUND BALANCES	(274,302)	(329,866)	3,096,898	93,181	507,842	3,093,753
FUND BALANCES, beginning of year	3,524,222	2,080,060	3,163,538	415,870	2,048,391	11,232,081
FUND BALANCES, end of year	\$ 3,249,920	\$ 1,750,194	\$ 6,260,436	\$ 509,051	\$ 2,556,233	\$ 14,325,834

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

March 31, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,093,753

Amounts reported for governmental activities in the statement of activities are different because:

Deduct: special assessment payments (48,636)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay 3,164,222

Deduct: depreciation expense (2,151,732)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long term liabilities 514,451

Add: Decrease in the accrual for compensated absences 322,927

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 4,894,985

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL GENERAL FUND Year Ended March 31, 2004

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
REVENUE				
Taxes and assessments	\$ 3,373,000	\$ 3,373,000	\$ 3,362,738	\$ (10,262)
State shared revenues	3,850,000	3,850,000	3,536,527	(313,473)
Charges for services	500,400	500,400	456,806	(43,594)
Licenses, permits and fees	14,300	14,300	17,819	3,519
Investment	390,000	390,000	178,211	(211,789)
Fines and forfeitures	1,862,000	1,862,000	1,816,634	(45,366)
Rent	716,200	716,200	702,513	(13,687)
Miscellaneous	55,000	55,000	32,169	(22,831)
TOTAL REVENUE	10,760,900	10,760,900	10,103,417	(657,483)
EXPENDITURES				
Operating				
Legislative	13,000	13,000	8,052	(4,948)
Judicial	2,025,000	2,025,000	1,944,696	(80,304)
General government	5,541,750	5,541,750	5,349,698	(192,052)
Public safety	170,000	170,000	387,612	217,612
Community enrichment and development	197,200	197,200	227,278	30,078
Other	1,798,600	1,798,600	1,656,558	(142,042)
Capital outlay	615,000	615,000	703,825	88,825
TOTAL EXPENDITURES	10,360,550	10,360,550	10,277,719	(82,831)
REVENUES OVER (UNDER) EXPENDITURES	400,350	400,350	(174,302)	(574,652)
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(500,000)	(500,000)	(200,000)	300,000
TOTAL OTHER FINANCING SOURCES (USES)	(400,000)	(400,000)	(100,000)	300,000
NET CHANGE IN FUND BALANCES	350	350	(274,302)	(274,652)
FUND BALANCES, beginning of year	3,524,222	3,524,222	3,524,222	-
FUND BALANCES, end of year	\$ 3,524,572	\$ 3,524,572	\$ 3,249,920	\$ (274,652)

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL ROAD FUND Year Ended March 31, 2004

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
REVENUE				
Taxes	\$ 2,425,000	\$ 2,425,000	\$ 2,406,011	\$ (18,989)
Street lighting income	34,000	34,000	44,139	10,139
Road commission repayments	535,000	535,000	534,204	(796)
Sale of assets	20,000	20,000	43,210	23,210
Charges for services	1,000	1,000	953	(47)
Other revenues	10,000	10,000	13,352	3,352
TOTAL REVENUE	3,025,000	3,025,000	3,041,869	16,869
EXPENDITURES				
Salaries and wages	1,078,000	1,078,000	1,183,457	105,457
Payroll taxes	82,500	82,500	90,631	8,131
Life and health insurance	325,000	325,000	308,092	(16,908)
Retirement plan	182,000	182,000	232,633	50,633
Matching funds-road improvements	326,700	326,700	262,388	(64,312)
Street lighting/traffic signals	84,000	84,000	96,147	12,147
Workers compensation insurance	29,000	29,000	31,033	2,033
Sick pay accrual	10,500	10,500	6,185	(4,315)
Other employee fringe benefits	1,600	1,600	1,545	(55)
Office supplies	1,500	1,500	1,365	(135)
Operating supplies	19,800	19,800	22,512	2,712
Professional services	569,500	569,500	415,344	(154,156)
Communications	5,200	5,200	5,753	553
Transportation	271,000	271,000	264,452	(6,548)
Insurance and bonds	65,000	65,000	56,962	(8,038)
Repairs and maintenance supplies	382,000	382,000	319,971	(62,029)
Training expenses	1,500	1,500	2,530	1,030
Legal & advertising	1,500	1,500	1,400	(100)
Contracted repairs and maintenance	45,000	45,000	60,151	15,151
Miscellaneous	16,000	16,000	17,991	1,991
Capital outlay	195,000	195,000	191,193	(3,807)
TOTAL EXPENDITURES	3,692,300	3,692,300	3,571,735	(120,565)
REVENUES OVER (UNDER) EXPENDITURES	(667,300)	(667,300)	(529,866)	137,434
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	200,000	(300,000)
TOTAL OTHER FINANCING SOURCES (USES)	500,000	500,000	200,000	(300,000)
NET CHANGE IN FUND BALANCES	(167,300)	(167,300)	(329,866)	(162,566)
FUND BALANCES, beginning of year	2,080,060	2,080,060	2,080,060	-
FUND BALANCES, end of year	\$ 1,912,760	\$ 1,912,760	\$ 1,750,194	\$ (162,566)

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL PUBLIC SAFETY FUND Year Ended March 31, 2004

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
REVENUE				
Taxes	\$ 21,025,000	\$ 21,025,000	\$ 20,901,800	\$ (123,200)
Liquor license rebates	13,000	13,000	12,037	(963)
Charges for services	185,000	185,000	187,855	2,855
Sale of assets	35,000	35,000	55,055	20,055
Federal grants	-	-	38,192	38,192
Other revenues	35,000	35,000	88,219	53,219
TOTAL REVENUE	21,293,000	21,293,000	21,283,158	(9,842)
EXPENDITURES				
Salaries and wages	9,870,000	9,870,000	9,810,657	(59,343)
Payroll taxes	755,400	755,400	758,903	3,503
Life and health insurance	2,660,000	2,660,000	2,735,901	75,901
Retirement plan	1,680,000	1,680,000	2,020,372	340,372
Workers compensation insurance	208,000	208,000	225,602	17,602
Sick pay accrual	128,000	128,000	120,262	(7,738)
Other employee fringe benefits	12,300	12,300	10,390	(1,910)
Office supplies	26,000	26,000	22,453	(3,547)
Operating supplies	148,650	148,650	134,027	(14,623)
Professional services	155,800	155,800	150,638	(5,162)
Communications	45,000	45,000	39,296	(5,704)
Transportation	370,660	370,660	391,452	20,792
Insurance and bonds	328,000	328,000	262,484	(65,516)
Repair and maintenance	97,500	97,500	84,761	(12,739)
Training expenses	60,000	60,000	78,346	18,346
Public utilities	46,000	46,000	48,258	2,258
EMS supplies	20,000	20,000	19,248	(752)
Miscellaneous	12,500	12,500	23,805	11,305
Capital outlay	832,000	832,000	1,309,279	477,279
TOTAL EXPENDITURES	17,455,810	17,455,810	18,246,134	790,324
REVENUES OVER (UNDER) EXPENDITURES	3,837,190	3,837,190	3,037,024	(800,166)
OTHER FINANCING SOURCES (USES)				
Interest earnings	-	-	59,874	59,874
TOTAL OTHER FINANCING SOURCES (USES)	-	-	59,874	59,874
NET CHANGE IN FUND BALANCES	3,837,190	3,837,190	3,096,898	(740,292)
FUND BALANCES, beginning of year	3,163,538	3,163,538	3,163,538	-
FUND BALANCES, end of year	\$ 7,000,728	\$ 7,000,728	\$ 6,260,436	\$ (740,292)

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF NET ASSETS PROPRIETARY FUND March 31, 2004

	<u>Water & Sewer</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	
Unrestricted	\$ 851,881
Restricted	5,707,948
Receivables	
Oakland County	378,996
Customers	1,984,609
Other	48,046
Inventories	77,848
TOTAL CURRENT ASSETS	<u>9,049,328</u>
CAPITAL ASSETS	
Machinery and equipment	1,238,075
Investment in system	61,553,161
	62,791,236
Less accumulated depreciation	<u>21,504,541</u>
NET CAPITAL ASSETS	<u>41,286,695</u>
TOTAL ASSETS	<u>50,336,023</u>
LIABILITIES	
CURRENT LIABILITIES	
Payables and accrued expenses	1,193,776
Liens and unit charges	119,260
Due to Improvement and Revolving Fund	238,000
Current portion of long term debt	447,024
TOTAL CURRENT LIABILITIES	<u>1,998,060</u>
NONCURRENT LIABILITIES	
Long term debt due in more than one year	<u>2,500,882</u>
TOTAL LIABILITIES	<u>4,498,942</u>
NET ASSETS	
Invested in capital assets, net of related debt	38,338,789
Restricted	5,707,948
Unrestricted	1,790,344
TOTAL NET ASSETS	<u>\$ 45,837,081</u>

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUND Year Ended March 31, 2004

	<u>Water & Sewer</u>
OPERATING REVENUES	
Water sales	\$ 6,356,587
Sewer usage	4,836,566
Debt service charges	339,720
Privilege fees	109,919
Tap sales	32,390
Meter material and service sales	113,025
Capital charges	41,700
TOTAL OPERATING REVENUES	<u>11,829,907</u>
DIRECT COSTS	
Water purchased	4,946,201
Treatment charges	3,774,743
Tap costs	28,239
Meter, materials and service costs	71,725
TOTAL DIRECT COSTS	<u>8,820,908</u>
OPERATING AND ADMINISTRATIVE EXPENSES	<u>3,094,780</u>
OPERATING LOSS	<u>(85,781)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest	188,091
Miscellaneous	131,296
Interest	(220,033)
TOTAL NONOPERATING REVENUES	<u>99,354</u>
INCOME BEFORE CONTRIBUTIONS	13,573
CONTRIBUTIONS FROM DEVELOPERS	<u>567,257</u>
CHANGE IN NET ASSETS	580,830
NET ASSETS, beginning of year	<u>45,256,251</u>
NET ASSETS, end of year	<u><u>\$ 45,837,081</u></u>

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended March 31, 2004

	<u>Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 11,502,307
Receipts for miscellaneous	305,448
Payments to employees and suppliers	<u>(11,393,023)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	414,732
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advances to County	(384,595)
Receipts from County	<u>131,777</u>
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(252,818)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
General obligation contracts with County	
Principal payments	(444,159)
Interest and fiscal charges	(220,033)
Purchase of fixed assets	<u>(857,454)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,521,646)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	126,270
Miscellaneous	112,117
Sale of investments	<u>3,502,962</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,741,349</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,381,617
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,178,212</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 6,559,829</u></u>
BALANCE SHEET CLASSIFICATION OF CASH	
Unrestricted	\$ 851,881
Reserved	<u>5,707,948</u>
TOTALS	<u><u>\$ 6,559,829</u></u>

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CASH FLOWS (CONCLUDED)

PROPRIETARY FUND

Year Ended March 31, 2004

	<u>Water & Sewer</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (85,781)
Adjustments to reconcile operating (loss to net cash provided by operating activities:	
Depreciation	530,451
(Increase) decrease in:	
Receivables from customers	(30,566)
Receivables for miscellaneous	8,414
Inventories	(11,874)
Increase (decrease) in:	
Accounts payable and accrued expenses	(32,217)
Deferred revenue	36,305
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 414,732</u>
SIGNIFICANT NON-CASH TRANSACTIONS	
Capital assets contributed by developers	<u>\$ 567,257</u>

The accompanying notes are an integral part of these financial statements

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF NET ASSETS

FIDUCIARY FUNDS

December 31, 2003

	Retirement System Pension Trust	Agency Funds
ASSETS		
Cash	\$ -	\$ 2,068,908
Investments		
Insurance company mutual fund guaranteed investment contract	67,860,898	-
Insurance company separate account of stocks	19,214,483	-
TOTAL ASSETS	<u>87,075,381</u>	<u>2,068,908</u>
LIABILITIES		
Employees' compensated absences	-	1,405,702
Accounts payable and withholdings	-	55,496
Deposits and other liabilities		
Escrow deposits	-	179,195
Developer deposits	-	336,196
Other	-	92,319
TOTAL LIABILITIES	<u>-</u>	<u>2,068,908</u>
NET ASSETS		
Held in trust for pension benefits	<u>87,075,381</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 87,075,381</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
RETIREMENT SYSTEM PENSION TRUST FUND
Year Ended December 31, 2003

ADDITIONS

Interest income	\$ 3,055,048
Contributions	2,760,845
Increase in fair value	<u>6,106,137</u>
TOTAL ADDITIONS	11,922,030

DEDUCTIONS

Distributions	4,367,491
Other	<u>96,336</u>
TOTAL DEDUCTIONS	4,463,827

CHANGE IN NET ASSETS

7,458,203

NET ASSETS, beginning of year

79,617,178

NET ASSETS, end of year

\$ 87,075,381

The accompanying notes are an integral part of these financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Bloomfield (the "Township") are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

A. Financial Reporting Entity

1. Description of Reporting Entity

The Charter Township of Bloomfield, County of Oakland, State of Michigan was organized in 1827 as a common law township and was known as Bloomfield Township until September 13, 1993. On September 13, 1993, the Township's Board of Trustees incorporated the Township and it is now known as the Charter Township of Bloomfield.

The Township covers an area of approximately 25 square miles. Operations are governed by an elected board of seven trustees, including a full time supervisor, clerk and treasurer. The Township's government provides law enforcement, public safety, fire protection, justice administration, water and sewer and community development services to approximately 44,000 residents.

In accordance with GAAP and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component unit, an entity for which the Township is considered to be financially accountable. The Component unit discussed below is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

2. Discretely Presented Component Unit – Bloomfield Township Public Library

The Bloomfield Township Public Library (the "Library") was organized in 1963. The Library operates under an autonomous library board and provides library services to the residents of the Township. The Library Board is required to report to the Township Board of Trustees regarding the expenditures of funds and other information about Library operations. The Library may not issue debt or levy a tax without the approval of the Township's Board of Trustees. If approval is granted, the Library taxes are levied under the taxing authority of the Township, as approved by the Township's electors, and would be included as part of the Township's total tax levy as well as reported in a Library revenue fund. Financial statements of the Library may be obtained from the Township's Clerk's office.

3. Bloomfield Village Association

Bloomfield Village Association (the "Association") (presented as "Bloomfield Village" in the financial statements) is a subdivision association located within the Township. Residents who live within the Association's boundaries have consented to be a special assessment district within the Township. The special assessment is to provide extra police and fire services to the residents of the Association over and above the Township's general public safety services. This assessment activity is shown as special revenue funds of the Township. This is not a component unit of the Township.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental* activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

General

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety

The *Public Safety fund* is a special revenue fund to account for a tax levy for the purpose of providing police and fire protection services to the Township residents.

Road

The *Road fund* is a special revenue which provides street improvement and maintenance services to the Township's residents.

CSO Debt

The *CSO Debt fund* is a debt service fund used to collect funds for retirement of debt related to combined sewer overflow bonds.

The government reports the following major proprietary funds:

Water and Sewer

The *Water and Sewer fund* accounts for the activities of the government's water distribution, sewage disposal and related treatment systems.

Additionally, the government reports the following other fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service fund* is used to account for the accumulation of resources for and the payment of principal and interest on long term general obligation debt of governmental funds not being financed by proprietary funds.

The *retirement system pension trust* is used to account for pension assets reserved for future pension obligations.

The *agency funds* account for assets held for other governments in an agency capacity.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Fund Equity

1. Cash, Cash Equivalents and Investments

- a. For purposes of the statement of cash flows, demand deposits and short-term investments with an original maturity of three months or less are considered to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.
- b. Investments are stated at fair value based on quoted market prices.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

- c. Investment income from cash and cash equivalents is assigned to the water and sewer fund based on the average amount invested by this fund during the year. The remainder of the investment income is assigned to the general fund. Income is recorded when received which is not materially different from the modified accrual basis.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Inventory

Inventory is recorded at the lower of cost or market, with cost determined on a first-in, first-out basis. Market is based on the lower of replacement cost or realizable value. Inventory, which consists of materials and supplies, are recorded as expenditures (in the governmental fund types) and expenses (in the proprietary fund type) when used.

4. Prepaid Items

Prepaid items are costs incurred during the current fiscal year for which benefit will be received in a future fiscal year and are recorded in both the government-wide and fund financial statements.

5. Restricted Assets

In the Special Revenue, Debt Service and Water and Sewer Funds certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet or statement of net assets because their use is limited by applicable bond covenants. Also, certain resources of the Water and Sewer Fund have been set aside to fund capital asset replacements.

6. Capital Assets

Capital assets of all funds and component units are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets, which include property, plant equipment and infrastructure assets (e.g., sidewalks and drains) are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized.

Interest costs are incurred by the proprietary fund when debt proceeds are used to finance the construction of assets. It is the Township's policy that such costs be expensed rather than capitalized as part of the cost of the assets constructed.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

6. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	40
Vehicles	3-20
Machinery & Equipment	10
Infrastructure	15-50

7. Long-term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other non-current obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences and Sick Pay Funding

Full-time permanent employees are granted vacation and sick pay benefits in varying amounts up to specified maximums depending on tenure and/or department with the Township. Township employees have the option of accumulating earned and unused sick and vacation pay. There are certain limits on the amount of sick and vacation pay which can be accumulated; these limits vary and depend on tenure and/or department. Employees are entitled to their accrued vacation leave and, in certain circumstances, a portion of their sick pay upon termination. Employees are entitled to a portion of their sick pay balance upon retirement.

Each year, cash is transferred to the Sick Pay Agency Fund for accumulated sick pay at the end of the fiscal year. The sick pay liability is reported as a compensating balance to the cash restricted in the fund for payment of sick pay benefits.

As of March 31, 2004, accrued payroll taxes on sick pay, and accrued vacation pay were not funded. Consequently, these unfunded amounts are shown as a liability for employees compensated absences and are included in long term liabilities on the government-wide financial statements.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Board of Trustees holds budget hearings in November and a final budget must be adopted prior to April 1. The budget document presents information by fund, function, department and line items. The budgets for which budgets are required are adopted on a fund basis.

Encumbrance accounting is not employed in governmental funds. If encumbrance accounting was employed, encumbrances (e.g., purchase orders, contracts) outstanding at year end would be reported as reservations of fund balances and would not constitute expenditures or liabilities because the goods or services had not been received as of year end; the commitments would be reappropriated and honored during the subsequent year.

Instead, amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.)

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Local Governmental Unit incurred expenditures in excess of amounts budgeted totaling \$849,666 in the Public Safety Fund. The primary reasons for actual exceeding budget were capital outlay exceeded budget by \$477,279 and retirement plan exceeded budget by \$340,372.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

III. CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated four banks for the deposit of Township funds. The investment policy adopted by the board has authorized investment in the certificates of deposit of local banks, bonds, securities and other direct obligations of the United States and certain fixed income securities, and United States Treasury bills but not the remainder of the State statutory authority as listed above.

The Township's retirement system investments are held in trust by the investment fiduciary, Connecticut General Life Insurance Company. Michigan Compiled Laws, Section 38.1132, authorizes the Township's retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system. However, all of the Township's retirement system investments are in an insurance mutual fund or in insurance company separate accounts, and therefore, are uncategorized as to risk.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Cash & Cash Equivalents	\$ 5,403,291	\$ 6,559,829	\$ 2,068,908	\$14,032,028	\$ 4,753,569
Investments	<u>5,347,407</u>	<u>-</u>	<u>-</u>	<u>5,347,407</u>	<u>493,613</u>
Total	<u>\$10,750,698</u>	<u>\$ 6,559,829</u>	<u>\$ 2,068,908</u>	<u>\$19,379,435</u>	<u>\$ 5,247,182</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

III. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

	Primary Government	Component Unit
Bank Deposits (checking and savings accounts, and cash on hand)	\$14,032,028	\$ 4,753,569
Investments in Securities, Treasury bills and Similar vehicles	<u>5,347,407</u>	<u>493,613</u>
Total	<u>\$19,379,435</u>	<u>\$ 5,247,182</u>

The bank balance of the primary government's deposits is \$15,229,050 of which \$100,000 is covered by federal depository insurance and the remainder of \$15,129,050 is uninsured and uncollateralized. The component units' deposits had a bank balance of \$5,341,393, of which \$300,000 was covered by federal depository insurance and the remainder of \$5,041,393 was uninsured and uncollateralized.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the Township's name
2. Uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the Township's name.
3. Uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent but not in the Township's name.

At year end, the Township's investment balances were as follows:

	Category			Carrying Amount Fair Value
	1	2	3	
Primary Government				
U.S. Government				
Securities	\$ -	\$ 5,347,407	\$ -	<u>\$ 5,347,407</u>
Component Unit				
Mutual and Cash				
Management funds				
(uncategorized as				
to risk)	\$ -	\$ 496,613	\$ -	<u>\$ 496,613</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

IV. RECEIVABLES

Receivables as of year-end for the government's individual major, non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road	Public Safety	CSO Debt Service	Water & Sewer	Non-Major & Other	Total
Taxes Receivable	\$2,011,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,011,257
Accounts Receivable	1,165,962	146,812	110,080	-	2,357,030	228,916	4,008,800
Special Assessments	8,900	-	-	6,660,161	-	-	6,669,061
Intergovernmental	460,067	-	-	-	-	-	460,067
Interest & Other	-	-	-	-	-	-	-
Gross Receivables	-	-	54,872	-	54,621	-	109,493
Less: Allowance for Uncollectibles	-	-	-	-	-	-	-
Net Receivables	<u>\$ 3,646,186</u>	<u>\$ 146,812</u>	<u>\$ 164,952</u>	<u>\$ 6,660,161</u>	<u>\$ 2,411,651</u>	<u>\$ 228,916</u>	<u>\$13,258,678</u>

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Accounts Receivable	-	\$ 152,760
Total	-	<u>\$ 152,760</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

V. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 822,652	\$ -	\$ -	\$ 822,652
Subtotal	<u>822,652</u>	<u>-</u>	<u>-</u>	<u>822,652</u>
Capital Assets Being Depreciated				
Buildings	17,410,928	602,219	-	18,013,147
Improvements Other Than Buildings	7,112,238	896,091	-	8,008,329
Machinery and Equipment	13,680,568	1,665,912	(493,773)	14,852,707
Infrastructure	<u>11,583,001</u>	<u>-</u>	<u>-</u>	<u>11,583,001</u>
Subtotal	<u>49,786,735</u>	<u>3,164,222</u>	<u>(493,773)</u>	<u>52,457,184</u>
Less Accumulated Depreciation for				
Buildings	5,704,709	450,327	-	6,155,036
Improvements Other Than Buildings	1,751,626	483,191	-	2,234,817
Machinery and Equipment	8,982,101	986,554	493,773	9,474,882
Infrastructure	<u>4,336,366</u>	<u>231,660</u>	<u>-</u>	<u>4,568,026</u>
Subtotal	<u>20,774,802</u>	<u>2,151,732</u>	<u>493,773</u>	<u>22,432,761</u>
Net Capital Assets Being Depreciated	<u>29,011,933</u>	<u>1,012,490</u>	<u>-</u>	<u>30,024,423</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$29,834,585</u>	<u>\$ 1,012,490</u>	<u>\$ -</u>	<u>\$30,847,075</u>
Business-Type Activities				
Capital Assets Being Depreciated				
Improvements to systems	\$32,089,195	\$ 1,283,929	\$ -	\$33,373,124
Machinery and Equipment	1,169,577	140,782	(72,284)	1,238,075
Township Share of County Sewers	<u>28,180,037</u>	<u>-</u>	<u>-</u>	<u>28,180,037</u>
Subtotal	<u>61,438,809</u>	<u>1,424,711</u>	<u>(72,284)</u>	<u>62,791,236</u>
Less Accumulated Depreciation for				
Improvements to systems	12,308,862	189,323	-	12,498,185
Machinery and Equipment	492,459	114,332	72,284	534,507
Township Share of County Sewers	<u>8,245,053</u>	<u>226,796</u>	<u>-</u>	<u>8,471,849</u>
Subtotal	<u>21,046,374</u>	<u>530,451</u>	<u>72,284</u>	<u>21,504,541</u>
Net Capital Assets Being Depreciated	<u>40,392,435</u>	<u>894,260</u>	<u>-</u>	<u>41,286,695</u>
Business-type Activities Total				
Capital Assets - Net of Depreciation	<u>\$40,392,435</u>	<u>\$ 894,260</u>	<u>\$ -</u>	<u>\$41,286,695</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

V. CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$ 831,136
Public Safety	532,358
Public Works	732,181
Community Enrichment and Development	<u>56,057</u>
Total Governmental Activities	<u>\$ 2,151,732</u>
Business-Type Activities	
Water	\$ 221,954
Sewer	<u>308,497</u>
Total Business-Type Activities	<u>\$ 530,451</u>

Capital asset activity of the Component Unit was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Needs assessments/consulting	<u>165,244</u>	<u>-</u>	<u>-</u>	<u>165,244</u>
Subtotal	296,259	-	-	296,259
Capital assets being depreciated:				
Building	5,229,060	199,832	-	5,428,892
Furniture and equipment	1,834,939	265,368	(83,775)	2,016,532
Library books and audiovisual				
Materials	<u>2,533,537</u>	<u>392,068</u>	<u>(201,564)</u>	<u>2,724,041</u>
Subtotal	9,597,536	857,268	(285,339)	10,169,465
Less accumulated depreciation	<u>(3,922,970)</u>	<u>(632,640)</u>	<u>265,672</u>	<u>(4,289,938)</u>
Net capital assets being depreciated	<u>5,674,566</u>	<u>224,628</u>	<u>(19,667)</u>	<u>5,879,527</u>
Net capital assets	<u>\$ 5,970,825</u>	<u>\$ 224,628</u>	<u>\$ (19,667)</u>	<u>\$ 6,175,786</u>

Capital assets, including library books, are recorded at cost. Depreciation expense was \$632,640 for the year ended March 31, 2004.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

VI. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Township reports interfund balances between many of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Receivable</u>	<u>Payable</u>
Due from/to other funds:		
General Fund	\$ 411,751	\$ -
Non-major Governmental Funds	238,000	-
Water and Sewer Fund	-	238,000
Intergovernmental	-	411,751
	<u>\$ 649,751</u>	<u>\$ 649,751</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
Interfund transfers		
General Fund	\$ 100,000	\$ 200,000
Road Fund	200,000	-
Non-major Governmental Funds	-	100,000
	<u>\$ 300,000</u>	<u>\$ 300,000</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

VII. LONG TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
County Drain Contracts	6-7%	2017	\$ 3,076,593	\$ (137,903)	\$ 2,938,690	\$ 142,195
County combined sewer overflow bond	2-6%	2016	7,391,596	(376,548)	7,015,048	393,423
Employees compensated Absences	-	N/A	<u>1,139,788</u>	<u>(322,927)</u>	<u>816,861</u>	<u>-</u>
Total Governmental Activities			<u>\$11,607,977</u>	<u>\$ (837,378)</u>	<u>\$10,770,599</u>	<u>\$ 535,618</u>
Business-Type Activities						
County water & contracts	6-7%	2010	<u>3,392,065</u>	<u>(444,159)</u>	<u>2,947,906</u>	<u>447,024</u>
Total Business-Type Activities			<u>\$ 3,392,065</u>	<u>\$ (444,159)</u>	<u>\$ 2,947,906</u>	<u>\$ 447,024</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

VII. LONG TERM DEBT (Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

Year End March 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 535,618	\$ 397,026	\$ 447,024	\$ 102,724
2006	623,193	400,761	384,806	115,997
2007	623,193	375,781	379,456	98,660
2008	629,006	350,382	391,907	84,033
2009	699,426	323,417	301,659	59,008
2010 - 2014	4,111,071	1,060,150	785,784	157,308
2015 - 2019	2,732,075	259,748	257,270	46,585
	<u>\$ 9,953,782</u>	<u>\$ 3,167,265</u>	<u>\$ 2,947,906</u>	<u>\$ 664,315</u>

VIII. COMMITMENTS

A. Franchise Agreement

The Township has entered into an agreement with Comcast under which it granted that company a non-exclusive franchise to provide cable television services in the Township. This agreement, which expires October 14, 2014, provides that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township. Total franchise fees recognized under this agreement during the current year were \$434,475.

B. Lessor Agreements

The General Fund rents the use of the Courthouse under a lease expiring October 31, 2016 to the State of Michigan 48th Judicial District Court. Rent income for the year was \$511,216.

The General Fund leases land for mobile telecommunications broadcast towers under five separate agreements. Two of these agreements expire July 31, 2007, and require annual rental payments of \$8,700 each. The other two agreements expire November 30, 2004 and require annual rental payments of \$12,000 each. These agreements all have predetermined extension terms.

Lease commitments, for lease income, for the next five years ending March 31 are as follows:

	<u>General</u>
2005	\$ 540,616
2006	528,616
2007	528,616
2008	511,216
2009	<u>511,216</u>
	<u>\$ 2,620,280</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

VIII. COMMITMENTS (Continued)

C. Interfund Lease Agreements

The Cable Television Special Revenue Fund used a Township owned building and automobile. The General Fund is reimbursed for the use. This agreement is cancelable at any time. Rental expenses related to this agreement were \$121,000 for the year ended March 31, 2004.

The Water and Sewer Fund leases Township owned computer equipment. The General Fund is reimbursed for the use. This agreement is cancelable at any time. Rental expenses related to this agreement were \$6,000 for the year ended March 31, 2004.

IX. RETIREMENT PLAN

A. Plan Description

The Township contributes to the Township of Bloomfield Retirement Income Plan (the "Plan"), which is a single-employer defined benefit plan. It is the responsibility of the Township pension employees' retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan. A stand-alone financial report of the plan has not been issued. Information shown for the plan is as of January 1, 2004, the date of the plan's latest actuarial valuation.

Based on state statutes, all full-time employees must be allowed to participate in city or municipal pension plans. Under the provision of the Township's pension plan, pension benefits vest after eight years of full-time employment, except for the Township's police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 2.75% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80 to 100% of final earnings. Retirement ages also vary by department and range from age 52 to age 55. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

Membership in the Plan consisted of the following at January 1, 2004, the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	178
Terminated and inactive plan members entitled to But not yet receiving benefits	14
Active plan members	<u>279</u>
Total	<u>471</u>

B. Basis of Accounting

The Plan's financial statements are prepared using information as of December 31, 2003 which approximates the date of the plan's latest actuarial report. The plan's financial statements include contributions received and benefits paid through that date.

C. Method Used to Value Investments

The Plan's investments are in the general accounts or mutual funds of a life insurance company and are reported at stated contract value or market value. Administrative fees are paid from investment earnings.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

IX. RETIREMENT PLAN (Continued)

D. Funding Policy

The obligation to contribute to and maintain the Plan for the Township's employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the pension plan. All other employees contribute 1% to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

E. Annual Pension Cost

For plan year 2003 the Township's annual pension cost of \$2,577,674 was equal to the Township's required and actual contributions. The required contribution was determined as part of a January 1, 2003 actuarial valuation using the aggregate cost actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increase of 5% per year, (c) cost of living adjustment of 1.00% and (d) estimated expenses of 2% of benefits payable over future years. Assets are invested in the general accounts or mutual funds of an insurance company and are valued at the stated contract value (the sum of contributions plus interest less withdrawals). The aggregate actuarial cost method generally does not identify and separately amortize unfunded actuarial liabilities.

F. Three-Year Trend Information

<u>Year Ended December 31</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2001	\$3,592,588	100%	-0-
2002	\$2,271,559	100%	-0-
2003	\$2,577,674	100%	-0-

G. Contributions Required and Contributions Made

Total contributions to the pension plan for the plan year beginning January 1, 2004 amounted to \$3,580,500, of which \$3,381,768 and \$198,732 were made by the Township and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of January 1, 2004. The pension contributions represent funding for normal cost. Contributions made by the Township and its employees represent 22.9% and 1.3%, respectively, on covered payroll of \$14,786,023 for the 2003 calendar year.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

X. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until the employee's termination, retirement, death, or unforeseeable emergency.

A required by GASB 32, this plan's assets are held in a separate trust and thus are not included in the financial statements of the Township.

XI. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note IX, the Township provides health and life insurance to employees who retire after attaining age 55 and who have at least 8 years of service. Retiring police officers are eligible at age 52 after 10 years of service. Some of these benefits are required in accordance with applicable employment contracts. Currently, 160 retirees meet the eligibility requirements. Expenditures for these benefits were approximately \$1,509,192 for the year ended March 31, 2004. The Township's obligation for benefits is limited to the term of the contract with each employee bargaining unit. The Township is obligated for the benefits provided to current retirees for the duration of their retirement. The Township uses the pay-as-you-go method of funding.

XII. CONTINGENCIES

A. Litigation

The Township is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

XIII. OTHER INFORMATION

A. Risk Management

The Township is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposures and provides certain employee benefits through a combination of risk management pools, commercial insurance policies and excess coverage policies. Following is a summary of the Township's risk management.

The Township participates with the Michigan Municipal Risk Management Authority (MMRMA), a self-insured association with a membership of approximately 270 Michigan local governmental units, for general and automobile liability, motor vehicle physical damage, judicial tenure defense and property damage coverages. Members include cities, counties, townships and special purpose governments. The MMRMA is organized under the laws of the State of Michigan and is governed by a Board of Directors elected by the membership. The MMRMA provides risk management, claims administration, legal defense and reinsurance services to its members.

The Township makes annual contributions to MMRMA based upon underwriting criteria and guidelines approved by the Board of Directors of MMRMA. Underwriting guidelines may be based upon net operating expenditures, number of employees, size of payroll, size and complexity of operations, loss experience, loss control efforts and any other relevant risk related criteria. These contributions are paid from the Township's General Fund and costs are allocated to the Township's other Funds.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

XIII. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Contributions received by MMRMA to pay administrative expenses, excess insurance, stop loss insurance, reinsurance and all other necessary MMRMA obligations are paid into the MMRMA General Fund. The Board of Directors of MMRMA has also established a minimum amount of funds each member must maintain on deposit with MMRMA.

The Member's Funds on Deposit are used to pay losses and allocated loss adjustment costs that fall within the Township's self-insured retention limits along with certain other member specific costs.

Accordingly, the Township records in the General Fund an asset for funds on deposit in the member retention fund of the MMRMA and a liability for incurred claims and allocated claims adjustment not paid as estimated by MMRMA. At March 31, 2004, the balance of the township's funds on deposit in the Member Retention Fund of the MMRMA was \$47,221 and the claims incurred and allocated claims adjustment accrued was \$117,480.

The Township's self-insured retention limits must be fully satisfied before the MMRMA will assume any responsibility for payment of losses. The Township participates in MMRMA's Stop Loss Program. The stop loss program limits the self-insured retention limit payments made on behalf of the Township in the MMRMA's fiscal year. The Township's aggregate cash payments for its self-insured retention limited obligations must exceed \$244,000 before the stop loss program will become responsible for making further self-insured retention limit payments on behalf of the Township. The Township's self-insured retention limits are as follows:

<u>Coverage</u>	<u>Self-Insured Retention</u>
Liability	\$75,000
Vehicle Physical Damage \$30,000 per occurrence	\$15,000 per vehicle
Property and Crime \$1,000 deductible per occurrence	10% of the next \$100,000
Employee Benefits – Commercial Insurance Provider	
Workers' Compensation – Commercial Insurance Provider	

At March 31, 2004, there were no claims which exceeded insurance coverage for any of the past three fiscal years. The Township had no significant reduction in insurance coverage from previous years.

The Township has an experience-rated group health insurance reserve for the employee health care benefit plan.

The insurance carrier maintains a separate Premium Stabilization Reserve (PSR) in addition to the carrier's insurance reserves funded and maintained pursuant to applicable insurance laws and sound underwriting practice.

The PSR is funded with experience-rated margins from the insurance carrier. Interest earned on the PSR is used to offset the carrier's cost of maintaining the Plan.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

XIII. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The PSR may be reduced in any policy year for the excess claims paid, reserve adjustments and expenses including (risk charges over) premiums paid, and any premium increases that would otherwise be funded by the Township.

The carrier determines the PSR balance yearly. This balance decreases or increases in value depending on claims paid in comparison to premiums. Any decrease or increase is booked directly to the reserve and has no impact on the Township's financial statements.

Library

The library is exposed to risks of loss related to theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library's general liability and property damage insurance is included in the Township's plan. Employee benefits and workers' compensation is obtained through commercial insurance providers through the Township.

At March 31, 2004, there were no claims which exceeded insurance coverage for any of the past three fiscal years. The Library had no significant reduction in insurance coverage from previous years.

B. Property Taxes

Delinquent Property Taxes Receivable

- a. Property taxes are assessed as of December 31 and the resulting property taxes become a lien on December 1 of the following year for the township taxes.
- b. The tax levy dates and the budget years are as follows:

<u>Budget Year</u>	<u>Tax Levy Date</u>
County – July 1, 2003 through June 30, 2004	7-1-03
Township – April 1, 2003 through March 31, 2004	12-1-03

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

XIII. OTHER INFORMATION (Continued)

B. Property Taxes (Continued)

Delinquent Property Taxes Receivable (continued)

c. The 2003 tax levy is summarized as follows:

	Taxable Value	Rate Per \$1,000	Levy
Township			
General	\$ 3,235,899,258	1.0298	\$ 3,332,329
Public safety – voted	\$ 3,235,899,258	6.4486	20,867,020
Roads – voted	\$ 3,235,899,258	.7423	2,402,008
Library-operating – voted perpetual	\$ 3,235,899,258	1.5105	4,887,826
Drain debt service	\$ 3,235,899,258	.0900	291,231
Safety Path	\$ 3,235,899,258	.5011	1,621,509
Total Township		<u>10.3223</u>	<u>\$33,401,923</u>
	SEV		
Special assessments			
Bloomfield Village Association			
Fire	\$ 284,532,820	.2470	70,280
Police	\$ 284,532,820	<u>1.1440</u>	<u>325,506</u>
Total Bloomfield Village		1.3910	395,786
Bloomfield Village CSO Drain District	Not Applicable		<u>756,197</u>
			<u>\$ 1,151,983</u>

- d. In August 2001, the Township entered into an agreement for conditional transfer of property (under Public Act 425 of 1984, as amended) with the City of Birmingham, a Michigan Municipal Corporation. The Act enables two local units of government to conditionally transfer property by agreement for the purpose of economic development. Under the Agreement, the transferred area is considered as being within the corporate limits and jurisdiction of the City of Birmingham for the purposes of real and personal property taxation. During the term of the agreement and any renewals, the City of Birmingham shall annually pay the Township the equivalent of the Township's then-prevailing property tax millage on the taxable value of the transferred area. The Township collected \$47,526 from the City of Birmingham under this agreement for the year ended March 31, 2004.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2004

XIII. OTHER INFORMATION (Continued)

C. Restatements

As of and for the year ended March 31, 2004, the Township implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- No. 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*
- No. 38 – *Certain Financial Statement Note Disclosures*

Interpretation

- No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The Township is required to implement the new requirements for the fiscal year ending March 31, 2004.

The more significant of the changes required by the new standards include:

- Management's discussion and analysis;
- Basic financial statements that include:
 - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of account;
 - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
 - Schedules to reconcile the fund financial statements to the government-wide financial statements;
 - Notes to the basic financial statements;
- Required supplementary information, including certain budgetary schedules.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

March 31, 2004

XIII. OTHER INFORMATION (Continued)

C. Restatements (Continued)

As a result of implementing these pronouncements for the fiscal year ended March 31, 2004, the following restatements were made to beginning fund balance and net asset accounts:

Government-wide financial statements. Beginning net assets for governmental activities was determined as follows:

Fund balances of general, special revenue, debt service, capital Projects and non-expendable trust funds as of 3/31/03 (including General Fund restated balance per above)	\$11,071,902
Add: deferred special assessment revenue at 3/31/03	6,660,161
Add: governmental capital assets, including infrastructure as of 3/31/03	50,647,100
Deduct: accumulated depreciation as of 3/31/03 Above government capital assets	(20,603,700)
Deduct: general obligation bonds and notes payable as of 3/31/03	(10,468,189)
Deduct: governmental compensated absences payable as of 3/31/03	<u>(1,139,788)</u>
Governmental net assets, restated, as of 4/01/03	<u>\$ 36,167,486</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE
(unaudited - not covered by audit opinion)

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE

(unaudited - not covered by audit opinion)

March 31, 2004

A. Tax Levies and Collections

<u>YEAR</u>	<u>TAX LEVY</u>	<u>COLLECTIONS TO MARCH 1 OF FOLLOWING YEAR</u>	
2003	\$33,797,608	\$32,140,571	95.10%
2002	23,530,927	22,275,924	94.67%
2001	21,973,351	20,784,593	94.59%
2000	20,275,093	19,263,366	95.01%
1999	18,975,670	18,134,758	95.57%
*1998	17,288,738	16,592,982	95.98%
1997	17,633,632	16,878,656	95.72%
1996	17,728,471	17,029,447	96.06%
1995	16,992,104	16,240,121	95.57%
1994	16,046,446	15,376,311	95.82%
1993	13,197,173	12,662,191	95.95%

*Beginning in 1998, the Township Tax Levy no longer includes the Oakland County Public Transportation millage.
Source: Treasurer, Charter Township of Bloomfield

The Township's taxes are due and payable and a lien created upon the assessed property on December 1 each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection. If all real property taxes are not paid by May 1 two years following return to the County Treasurer, the property is sold for taxes.

B. History of Property Valuations*

	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2004	\$4,159,870,180	\$3,380,624,306
2003	4,005,952,600	3,236,501,438
2002	3,816,576,370	3,115,293,208
2001	3,515,424,250	2,952,304,218
2000	3,235,169,350	2,757,447,208
1999	3,001,661,120	2,646,257,403
1998	2,756,543,150	2,538,783,130
1997	2,575,677,890	2,436,762,470
1996	2,442,271,550	2,344,785,060
1995	2,292,754,670	2,252,388,450
1994	2,179,316,550	
1993	2,127,617,200	

Beginning in 1995, the Taxable Value and not the State Equalized Value is used to calculate the tax levy.

C. Michigan Property Tax and School Finance Reform

See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information Repositories regarding this topic.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE (CONTINUED) (unaudited - not covered by audit opinion) March 31, 2004

D. Tax Rate Limitations

The Township Charter provides tax rate limitations as follows:

<u>Purpose</u>	Rate (Per \$1,000 of State) <u>Equalized Valuation</u>	Maximum <u>Permitted Rate*</u>
General Operating	\$ 1.4100	\$ 1.0517

The Township may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

<u>Purpose</u>	<u>Authority</u>	Rate (per \$1,000 of State) <u>Equalized Valuation</u>
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$ 3.00
Police & Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount required to make contribution

In addition, Article IX, Section 6 of the Michigan Constitution of 1963, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978, or tax supported issues, which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

*The Michigan Constitution provides for tax rate limitations. See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information repositories regarding these limitations.

E. Labor Agreements

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefits and working conditions contracts with the Township.

The duration of these agreements are as follows:

<u>Employee Group</u>	Number of <u>Employees</u>	Expiration <u>Date of Contract</u>
Firefighters	66	March 31, 2005
Police Employees (Command Officers)	12	March 31, 2005
Police Employees (Patrolmen)	56	March 31, 2005

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE (CONCLUDED)

(unaudited - not covered by audit opinion)

March 31, 2004

F. General Fund - Fund Balance

The Township's General Fund balance for the last ten years has been as follows:

<u>Fiscal Year Ending</u> <u>March 31</u>	<u>Fund Balance</u>
2004	\$ 3,249,920
2003	3,313,751
2002	2,950,118
2001	6,275,091
2000	8,806,964
1999	11,134,697
1998	11,710,414
1997	11,526,325
1996	11,039,676
1995	10,056,597

Source: Charter Township of Bloomfield audited financial statement.

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS March 31, 2004

	Non-major Special Revenue	Non-major Debt Service	Total Non-major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,981,219	\$ 490,758	\$ 2,471,977
Receivables			
Interfund construction advances	238,000	-	238,000
Other	228,916	-	228,916
Prepaid expenses	2,350	-	2,350
TOTAL ASSETS	<u>\$ 2,450,485</u>	<u>\$ 490,758</u>	<u>\$ 2,941,243</u>
 LIABILITIES			
Accounts payable	\$ 78,059	\$ 273,451	\$ 351,510
Deferred revenue	33,500	-	33,500
TOTAL LIABILITIES	<u>111,559</u>	<u>273,451</u>	<u>385,010</u>
 FUND BALANCES - RESERVED			
Reserved for debt service		217,307	217,307
 FUND BALANCES - UNRESERVED			
Undesignated	2,253,759	-	2,253,759
Designated	85,167	-	85,167
	<u>2,338,926</u>	<u>217,307</u>	<u>2,556,233</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,450,485</u>	<u>\$ 490,758</u>	<u>\$ 2,941,243</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS Year Ended March 31, 2004

	Non-major Special Revenue	Non-major Debt Service	Total Non-major Governmental Funds
REVENUE			
Property taxes	\$ 2,259,352	\$ 291,976	\$ 2,551,328
Charges for services	9,793	-	9,793
Licenses, permits and fees	1,390,697	-	1,390,697
Investment	15,785	-	15,785
Fines and forfeitures	34,194	-	34,194
Miscellaneous	464,068	-	464,068
TOTAL REVENUE	<u>4,173,889</u>	<u>291,976</u>	<u>4,465,865</u>
EXPENDITURES			
OPERATING			
General government	923,416	-	923,416
Public works	1,697	-	1,697
Public safety	383,676	-	383,676
Community enrichment and development	1,286,884	-	1,286,884
Other	2,382	-	2,382
DEBT SERVICE			
Principal retirement	-	137,886	137,886
Interest and fiscal charges	-	159,441	159,441
CAPITAL OUTLAY	<u>962,641</u>	<u>-</u>	<u>962,641</u>
TOTAL EXPENDITURES	<u>3,560,696</u>	<u>297,327</u>	<u>3,858,023</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>613,193</u>	<u>(5,351)</u>	<u>607,842</u>
OTHER FINANCING SOURCES (OTHER)			
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCES	513,193	(5,351)	507,842
FUND BALANCES, beginning of year	<u>1,825,733</u>	<u>222,658</u>	<u>2,048,391</u>
FUND BALANCES, end of year	<u>\$ 2,338,926</u>	<u>\$ 217,307</u>	<u>\$ 2,556,233</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING BALANCE SHEET NON-MAJOR SPECIAL REVENUE FUNDS

March 31, 2004

	Village Police	Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
ASSETS									
Cash and cash equivalents	\$ 307,240	\$ 96,836	\$ 245,297	\$ (51,002)	\$ 205,262	\$ 85,167	\$ 470,189	\$ 622,230	\$ 1,981,219
Receivables	-	-	-	238,000	-	-	-	-	238,000
Interfund construction advances	-	-	29,904	-	-	-	-	199,012	228,916
Other	-	-	-	2,350	-	-	-	-	2,350
Prepaid expenses	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 307,240	\$ 96,836	\$ 275,201	\$ 189,348	\$ 205,262	\$ 85,167	\$ 470,189	\$ 821,242	\$ 2,450,485
LIABILITIES									
Accounts payable	\$ 3,524	\$ 1,152	\$ 7,835	\$ 3,530	\$ 9,926	\$ -	\$ 43,539	\$ 8,553	\$ 78,059
Deferred revenue	-	-	-	-	-	-	-	33,500	33,500
TOTAL LIABILITIES	\$ 3,524	\$ 1,152	\$ 7,835	\$ 3,530	\$ 9,926	\$ -	\$ 43,539	\$ 42,053	\$ 111,559
FUND BALANCES - UNRESERVED									
Undesignated	303,716	95,684	267,366	185,818	195,336	-	426,650	779,189	2,253,759
Designated	-	-	-	-	-	85,167	-	-	85,167
	303,716	95,684	267,366	185,818	195,336	85,167	426,650	779,189	2,338,926
TOTAL LIABILITIES AND FUND BALANCES	\$ 307,240	\$ 96,836	\$ 275,201	\$ 189,348	\$ 205,262	\$ 85,167	\$ 470,189	\$ 821,242	\$ 2,450,485

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
REVENUES									
Property taxes	\$ 325,504	\$ 70,279	\$ 239,357	\$ -	\$ -	\$ -	\$ 1,624,212	\$ -	\$ 2,259,352
Charges for services	-	-	-	-	-	-	-	9,793	9,793
Licenses, permits and fees	-	-	-	-	956,222	-	-	434,475	1,390,697
Investment	-	-	-	15,785	-	-	-	-	15,785
Fines and forfeitures	-	-	313	-	-	33,881	-	-	34,194
Miscellaneous	1,348	321	29,320	6,781	1,505	18,843	16,195	389,755	464,068
TOTAL REVENUES	326,852	70,600	268,900	22,566	957,727	52,724	1,640,407	834,023	4,173,889
EXPENDITURES									
Operating									
General government	-	-	-	-	923,416	-	-	-	923,416
Public works	-	-	-	-	-	-	1,697	-	1,697
Public safety	326,374	57,302	-	-	-	-	-	-	383,676
Community enrichment & development	-	-	227,558	473,293	-	-	-	586,033	1,286,884
Other	-	-	-	2,382	-	-	-	-	2,382
Capital outlay	326,374	57,302	227,558	475,675	923,416	-	1,697	586,033	2,598,055
TOTAL EXPENDITURES	11,211	907	-	-	4,932	16,335	879,582	49,674	962,641
REVENUES OVER (UNDER) EXPENDITURES	337,585	58,209	227,558	475,675	928,148	16,335	881,279	635,707	3,560,696
OTHER FINANCING SOURCES (USES)	(10,733)	12,391	41,432	(453,109)	29,379	36,389	759,128	198,316	613,193
NET CHANGE IN FUND BALANCE	(10,733)	12,391	41,432	(453,109)	29,379	36,389	759,128	98,316	513,193
FUND BALANCES, beginning of year	314,449	83,293	225,914	638,927	165,957	48,778	(332,478)	680,873	1,825,733
FUND BALANCES, end of year	\$ 303,716	\$ 95,684	\$ 267,366	\$ 185,818	\$ 195,336	\$ 85,167	\$ 426,650	\$ 779,189	\$ 2,338,926

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

BALANCE SHEET
NON-MAJOR DEBT SERVICE FUND
March 31, 2004

	<u>Drain</u>
ASSETS	
Cash and cash equivalents	\$ 490,758
TOTAL ASSETS	<u>\$ 490,758</u>
LIABILITIES	
Accounts payable	\$ 273,451
FUND BALANCES	
Reserved for debt service	<u>217,307</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 490,758</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUND
Year Ended March 31, 2004

	<u>Drain</u>
REVENUES	
Property taxes	<u>\$ 291,976</u>
EXPENDITURES	
Principal retirement	137,886
Interest and fiscal charges	<u>159,441</u>
TOTAL EXPENDITURES	<u>297,327</u>
NET CHANGE IN FUND BALANCE	(5,351)
FUND BALANCE, beginning of year	<u>222,658</u>
FUND BALANCE, end of year	<u><u>\$ 217,307</u></u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

Year Ended March 31, 2004

<u>AGENCY</u>	<u>Balance - April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - March 31, 2004</u>
ASSETS				
Cash	<u>\$ 1,987,109</u>	<u>\$ 81,799</u>	<u>\$ -</u>	<u>\$ 2,068,908</u>
LIABILITIES				
Employees' compensated absences	\$ 1,363,280	\$ 42,422	\$ -	\$ 1,405,702
Accounts payable & withholdings	4,550	50,946	-	55,496
Deposits & other liabilities				
Escrow deposits	185,066	-	5,871	179,195
Developer deposits	363,605	-	27,409	336,196
Other	<u>70,608</u>	<u>21,711</u>	<u>-</u>	<u>92,319</u>
TOTAL LIABILITIES	<u>\$ 1,987,109</u>	<u>\$ 115,079</u>	<u>\$ 33,280</u>	<u>\$ 2,068,908</u>

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants



Certified Public Accountants

A. H. Magnus, Jr., CPA • Thomas D. Carroll, CPA • Kathleen A. Jenkins, CPA • Donna S. Smith, CPA
Jeffrey L. Hauswirth, CPA, CVA • Tammy J. Moncrief, CPA • James M. McAuliffe, CPA

September 29, 2004

Mr. David Payne, Supervisor
and Board of Trustees
Charter Township of Bloomfield, Michigan
County of Oakland, State of Michigan

Dear Ladies and Gentlemen:

We have recently completed our audit of the financial statements of the Charter Township of Bloomfield, Michigan, (the "Township") for the year ended March 31, 2004. We would like to thank the Township staff for their assistance throughout the audit. During our audit, we became aware of several matters that we would like to bring to your attention. This letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated July 14, 2004, on the financial statements of Township.

New Financial Statement Format

During the current year, the Township, along with many other government units in Michigan, was required to implement a new accounting pronouncement that has changed the format and content of your financial statements. The information that was previously provided in your financial statements has been retained in the new financial statement format. In addition, the following major items have been added:

Management Discussion and Analysis: Management is now required to give an overview of the Township's overall financial position and results of operations.

Statement of Net Assets and Statement of Activities: These additional statements adjust the normal fund-based statements into a combined, full-accrual format. This allows a financial statement reader to see the Township from a longer term perspective (i.e. are today's taxpayers paying the full cost of today's services?). These statements show capital and infrastructure assets, as well as long term liabilities such as bonds payable, sick and vacation pay as part of the Township's financial picture.

Budget Comparison: A financial statement reader will now be able to view not only the actual revenue and expenditures of the Township as compared to the amended budget, but also as compared to the original budget.

While getting used to the new format may take awhile, the Management's Discussion and Analysis section of the new reporting format, as mentioned above, provides an overview of the Township's finances, as well as major projects worked on throughout the year. Accumulating the information necessary for the new financial statement format has meant additional work for the Township's accounting department and finance director. The Township's staff has done an excellent job of preparing the necessary schedules, as well as assisting and cooperating with the audit work being done on those schedules.

Mr. David Payne, Supervisor
and Board of Trustees
Charter Township of Bloomfield, Michigan
County of Oakland, State of Michigan
Page Two
September 29, 2004

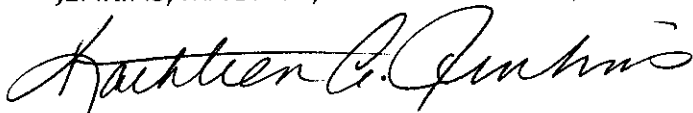
Personal Property Taxes

The Township's property tax revenue includes personal property taxes paid by utilities located within your community. The amount of personal property taxes paid by the utilities is based on personal property tax table. Several years ago, the State Tax Commission approved new personal property tax tables for utilities. The new tables made drastic changes to the transmission and distribution property of utilities. General estimates are that the use of the new utility tables results in approximately a 30% revenue loss on those properties. Bloomfield Township, like many other communities, has elected to continue to assess the transmission and distribution property of utilities using the old personal property tax tables. This issue was the subject of lawsuits brought by several units of government against the State Tax Commission challenging the constitutionality of the new utility personal property tax tables. To date, the new utility personal property tax tables implemented by the State Tax Commission have been upheld. The lawsuits are currently under appeal. Depending on the outcome of the lawsuits, the Township may owe refunds of previously collected taxes. Additionally, if the new property tax tables are upheld, this will result in a lower level of revenue in future years. The Township should take this into consideration when preparing future budgets.

We have already discussed these and other comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience. We appreciate the opportunity to serve you.

Very truly yours,

JENKINS, MAGNUS, VOLK & CARROLL, P.C.



Kathleen A. Jenkins, CPA

KAJ:ejb

cc: State of Michigan

JENKINS, MAGNUS, VOLK & CARROLL

Certified Public Accountants